

AIR AMBULANCE COST ISSUES

PREPARED BY THE ECONOMIC ALLIANCE FOR MICHIGAN
NOVEMBER 2017



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OVERVIEW

- Air ambulance services consist of pre-hospital, inter-facility, emergent transport of personnel and patients, organs, drugs and other medical equipment. Other operations may include search and rescue activities.
- Surprisingly only 10% to 12% of transports are pre-hospital.
- 84% to 87% of transports are inter-facility and the remainder is everything else.
- The average trip is 52 miles.



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THE PROBLEM

- For most the history of air ambulance transport, providers have been hospital-created and affiliated programs.
- Recently private companies have entered the air ambulance market.
- The increase in supply has increased prices because of the fewer transports per aircraft. Since Medicare and Medicaid have fixed-fee structures, the costs have shifted onto private payers.
- The larger issue is the for-profit independent companies who have addressed the cost issue by not entering into network agreements with insurers and then are balance billing patients above normal reimbursement rates.

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COST EXAMPLE: MICHIGAN

News story from NBC affiliate in the Detroit market:

- 14-year old girl with breathing problems
- Went from tertiary hospital to one with pediatric ICU
- Six minute flight (12 miles by car)
- \$23,000 bill to the patient



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COST EXAMPLE: MICHIGAN**EAM Purchaser Members:**

Since we started tracking Air Ambulance Cases since 2013

- Lowest Flight Cost \$10K
- Highest Flight Cost \$479K
- \$35K Average Cost (excluding outliers)
- 50% of services were delivered by non-participating providers

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COST EXAMPLE: NEW MEXICO

- Aircraft increased from 13 in 2009 to 21 in 2016
- Average charge per claim increased 229% from 2006 to 2015
- Average workers comp claim paid increased 50% from 2006 to 2015
- Average portion of the claim not paid by insurers was \$26,829
- Prior to 2015, four air ambulance services that conducted 55% of transports were all bought out by one company

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THANK YOU

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